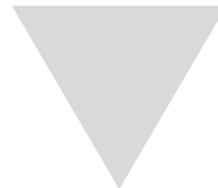
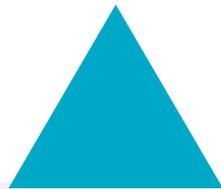


HEALTH WEALTH CAREER

PCMH+ SHARED SAVINGS CALCULATION

PROVIDER COLLABORATIVE

October 4, 2018



OVERVIEW

COST CALCULATION STEPS



OVERVIEW

DATA SOURCE TIMELINE

	2016 Data	2017 Data	2018 Data
Cost Data		<ul style="list-style-type: none">• Prior year cost of care	<ul style="list-style-type: none">• Performance year cost of care
Quality Data	<ul style="list-style-type: none">• Derivation of absolute quality benchmarks*	<ul style="list-style-type: none">• Prior year quality score<ul style="list-style-type: none">• Maintain• Improve	<ul style="list-style-type: none">• Performance year quality score<ul style="list-style-type: none">• Maintain• Improve• Absolute

*The absolute quality benchmarks are derived from a comparison group of non-participating PCMH or FQHC practices.

OVERVIEW

TOTAL PAYMENT BUILD UP



- Excluded members and claims
- Risk-adjusted costs
- Expected trend
- MSR
- Savings Cap
- Quality Scores

- Funded from unclaimed Individual Savings Pool dollars
- Challenge measures
- Member weighted
- Subject to program losses

EXCLUSIONS

REMOVE EXCLUDED MEMBERS

Members Who Do Not Qualify For PCMH+ Assignment:

- Who have another source of health care coverage (e.g., Medicare).
- Who have a limited Medicaid benefit (tuberculosis, family planning, breast and cervical cancer).
- Who receive care coordination through other programs. (e.g., waivers, nursing facilities).
- Who are Behavioral Health Home or Money Follows the Person participants.
- Who are on hospice
- HUSKY B members

Once Assigned, Members Are Excluded From Shared Savings Calculations Who:

- Opt out of PCMH+
- Lose Medicaid eligibility and are not retroactively reinstated
- Move into a PCMH+ excluded category (indicated above)
- Do not have sufficient MMs in prior year and performance year
- Do not have a risk score in prior year or performance year

EXCLUSIONS

REMOVE EXCLUDED CLAIMS

All Dollars Are Included Except:

Hospice

Long-Term Services
and Supports

- Institutional
- Community-based services

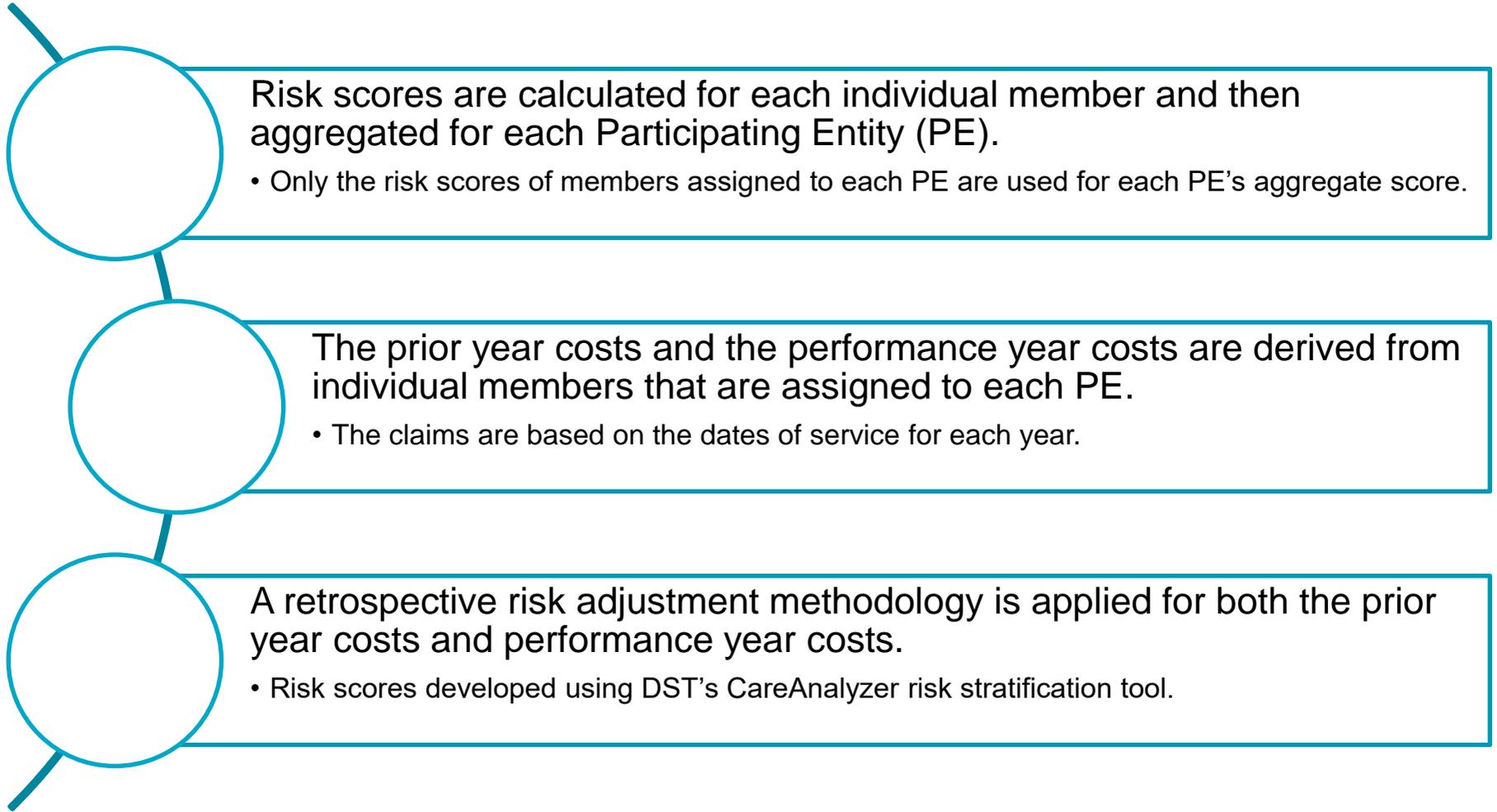
Waiver Services

Non-Emergency
Medical
Transportation

* Costs are truncated at \$100,000 for each calendar year

COST CALCULATION

RISK SCORE DEVELOPMENT



Risk scores are calculated for each individual member and then aggregated for each Participating Entity (PE).

- Only the risk scores of members assigned to each PE are used for each PE's aggregate score.

The prior year costs and the performance year costs are derived from individual members that are assigned to each PE.

- The claims are based on the dates of service for each year.

A retrospective risk adjustment methodology is applied for both the prior year costs and performance year costs.

- Risk scores developed using DST's CareAnalyzer risk stratification tool.

COST CALCULATION

RISK SCORE PE EXAMPLE

Assigned Members risk scores are averaged by Participating Entity for each calendar year.

	Risk Score
Member 1	1.0209
Member 2	1.4330
Member 3	0.9856
⋮	⋮
Member 3,000	1.1979
PE Risk Score	1.1594

*Numbers used are for illustrative purposes only.

COST CALCULATION RISK SCORE PROGRAM EXAMPLE

PE average risk scores are then rebased to be normalized for each calendar year.

	PE 1	PE 2	PE 3	PE 4	PE 5
PE Risk Score	1.1594	0.8594	1.0769	1.0961	1.2252
PE Members	3,000	4,000	5,000	7,500	10,000

Aggregate Risk Scores ($\Sigma(\text{PE Average Risk Score} \times \text{PE Membership})$)	32,773
Average Risk Score (Aggregate Risk Scores/Total Membership)	1.1109

Normalized PE Risk Scores (PE Avg. Risk Score/Average Risk Score)	1.0436	0.7736	0.9694	0.9866	1.1028
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*Numbers used are for illustrative purposes only.

COST CALCULATION

RISK-ADJUSTED TREND EXAMPLE

The PMPY costs are divided by the normalized PE risk scores before the PE actual cost trend is calculated.

$$PE \text{ Actual Cost Trend} = \left(\frac{Risk \text{ adj. Performance Year } PMPY_{PE}}{Risk \text{ adj. Prior Year } PMPY_{PE}} \right) - 1$$

	Prior Year	Performance Year
PE PMPY Cost	\$ 4,200.00	\$ 4,250.00
Normalized PE Risk Score	1.0436	1.0348
PE Risk-Adjusted PMPY Cost	\$ 4,024.53	\$ 4,107.07
PE Actual Cost Trend		2.05%

*Numbers used are for illustrative purposes only.

COST CALCULATION INCLUDED COSTS

Prior Year

- The risk-adjusted prior year costs are derived from claims with CY 2017 dates of service for both a comparison group of non-participating practices and each PE on a per-member basis.

Performance Year

- The risk-adjusted performance year costs are derived from claims for CY 2018 dates of service for both a comparison group and for each PE on a per-member basis.
- For participating FQHCs, the Care Coordination Add-On payment is included in the performance year total cost.

COST CALCULATION

EXPECTED PERFORMANCE YEAR COST

The expected cost trend is derived from a comparison group's risk adjusted per-member costs as seen in the formula below:

$$\text{Expected Cost Trend} = \left(\frac{\text{Risk adj. Performance Year PMPY cost}_{CG}}{\text{Risk adj. Prior Year PMPY cost}_{CG}} \right) - 1$$

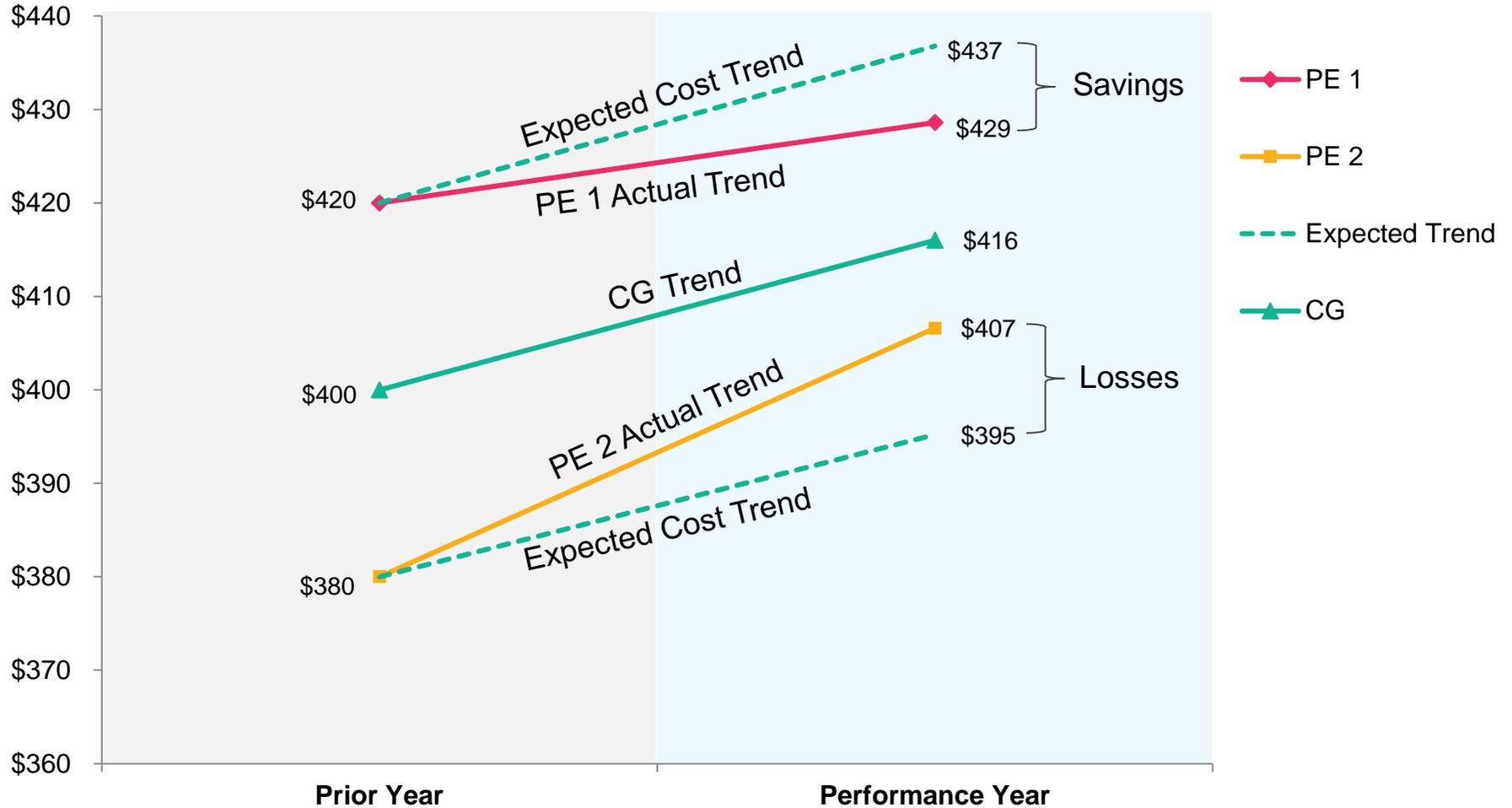
The 2018 per-member expected cost for each PE is calculated as seen in the formula below:

$$\begin{aligned} &\text{Expected Performance Year PMPY}_{PE} \\ &= \text{Risk adj. Prior Year PMPY cost}_{PE} \times (1 + \text{Expected Cost Trend}) \end{aligned}$$

PEs are not required to share in losses and if a PE's actual cost is higher than the expected cost, the funding for the Individual Savings Pool will be \$0.

COST CALCULATION

EXPECTED TREND GRAPH EXAMPLE



*Numbers used are for illustrative purposes only.

COST CALCULATION

SHARED SAVINGS CALCULATION

- The Total PE Savings are calculated below:
 - *Performance Year Members* × (*Expected PMPY Cost_{PE}* – *Actual PMPY Cost_{PE}*)
= *Total PE Savings*
- The Total PE Savings are subject to the following adjustments:
 - Minimum Savings Rate (MSR) of 2%
 - 10% Savings Cap
 - 50% Shared with the State
- After the Total PE Savings are adjusted, the remaining savings constitute the PE's Individual Savings Pool.

INDIVIDUAL SAVINGS POOL AGGREGATE QUALITY SCORE

- Quality measure data is rolled up at the Participating Entity level for each FQHC and Advanced Network. The same quality measure data that is used for the DSS PCMH program will be used for PCMH+. Quality measure data based solely on PCMH+ participating members is not currently available.
- The quality measure data is used to develop the Absolute, Improve and Maintain components of quality scoring. The quality measure data is also used for the challenge pool quality measurement.

For more information on the Quality Measure scoring, see the PCMH+ Quality Measure Webinar Presentation from September 19, 2018 on the PCMH+ website:

<https://portal.ct.gov/DSS/Health-And-Home-Care/PCMH-Plus/Documents>

INDIVIDUAL SAVINGS POOL

AGGREGATE QUALITY SCORE EXAMPLE

PCMH+ Quality Measure	Aggregate Quality Score				
	Maintain Quality	Improve Quality	Absolute Quality	PE Total Quality Score	Total Possible Points
Adolescent well-care visits	1.00	0.50	0.25	1.75	3.00
Avoidance of antibiotic treatment in adults with acute bronchitis	1.00	1.00	0.75	2.75	3.00
Developmental screening in the first three years of life	0.00	0.00	0.50	0.50	3.00
Diabetes HbA1c Screening	1.00	0.75	0.75	2.50	3.00
Emergency Department (ED) Usage	1.00	0.50	1.00	2.50	3.00
Medication management for people with asthma	0.00	0.00	0.25	0.25	3.00
PCMH CAHPS	1.00	0.25	0.50	1.75	3.00
Prenatal Care	0.50	0.50	0.375	1.375	1.50
Postpartum Care	0.50	0.125	0.25	0.875	1.50
Well-child visits in the first 15 months of life	1.00	0.25	0.75	2.00	3.00
Total Points				16.25	27.00
Aggregate Quality Score (Total Quality Score/Total Possible Points)					60.19%

*Numbers used are for illustrative purposes only.

INDIVIDUAL SAVINGS POOL SHARED SAVINGS PAYMENT CALCULATION

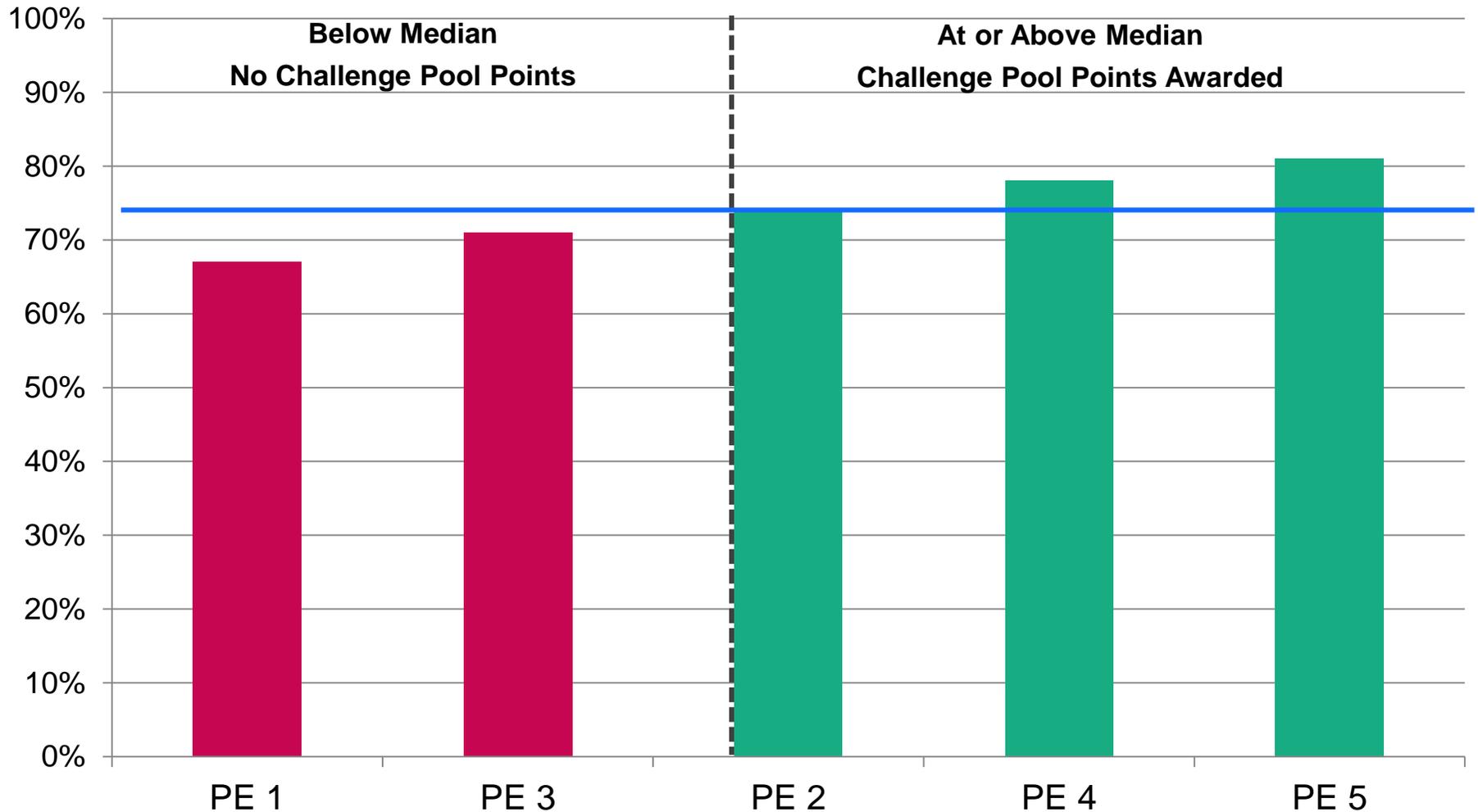
Each PE will receive the Individual Savings Pool Award based on the calculation below:

$$\textit{Individual Savings Pool Award} = \textit{Individual Savings Pool} \times \textit{Aggregate Quality Score}$$

CHALLENGE POOL FUNDING CALCULATIONS

- If a PE does not claim the entire amount of its Individual Savings Pool, the remaining savings will move to the Challenge Pool.
 - The Challenge Pool will consist of all savings not claimed in the Individual Savings Pools, less total program losses.
 - *Remaining Savings for Challenge Pool Funding = Individual Savings Pool Amount \times (1 – Aggregate Quality Score)*
 - *Challenge Pool Funding = \sum Remaining Savings Challenge Pool Funding – \sum Losses*
 - The Challenge Pool will distribute and exhaust all remaining savings not claimed in the Individual Pools.
-

CHALLENGE POOL FUNDING CALCULATIONS EXAMPLE



*Numbers used are for illustrative purposes only.

CHALLENGE POOL DISTRIBUTION OF FUNDS

- Performance on a set of challenge measures will inform the challenge pool payment through the use of a member-weighted distribution by PCMH+ PEs.
- For each quality measure, when a PE achieves at or above the median score of all PEs, the PE will receive a portion of the challenge pool in a member-weighted distribution. The amount of the Challenge Pool each PE will receive is shown in the formula below.
- $\text{Challenge Pool Funding} \times \frac{\# \text{ of Members} \times \# \text{ of measures at or above median}}{\sum_{All \text{ PEs}} (\# \text{ of Members} \times \# \text{ of measures at or above median})}$

OVERVIEW

TOTAL PAYMENT BUILD UP

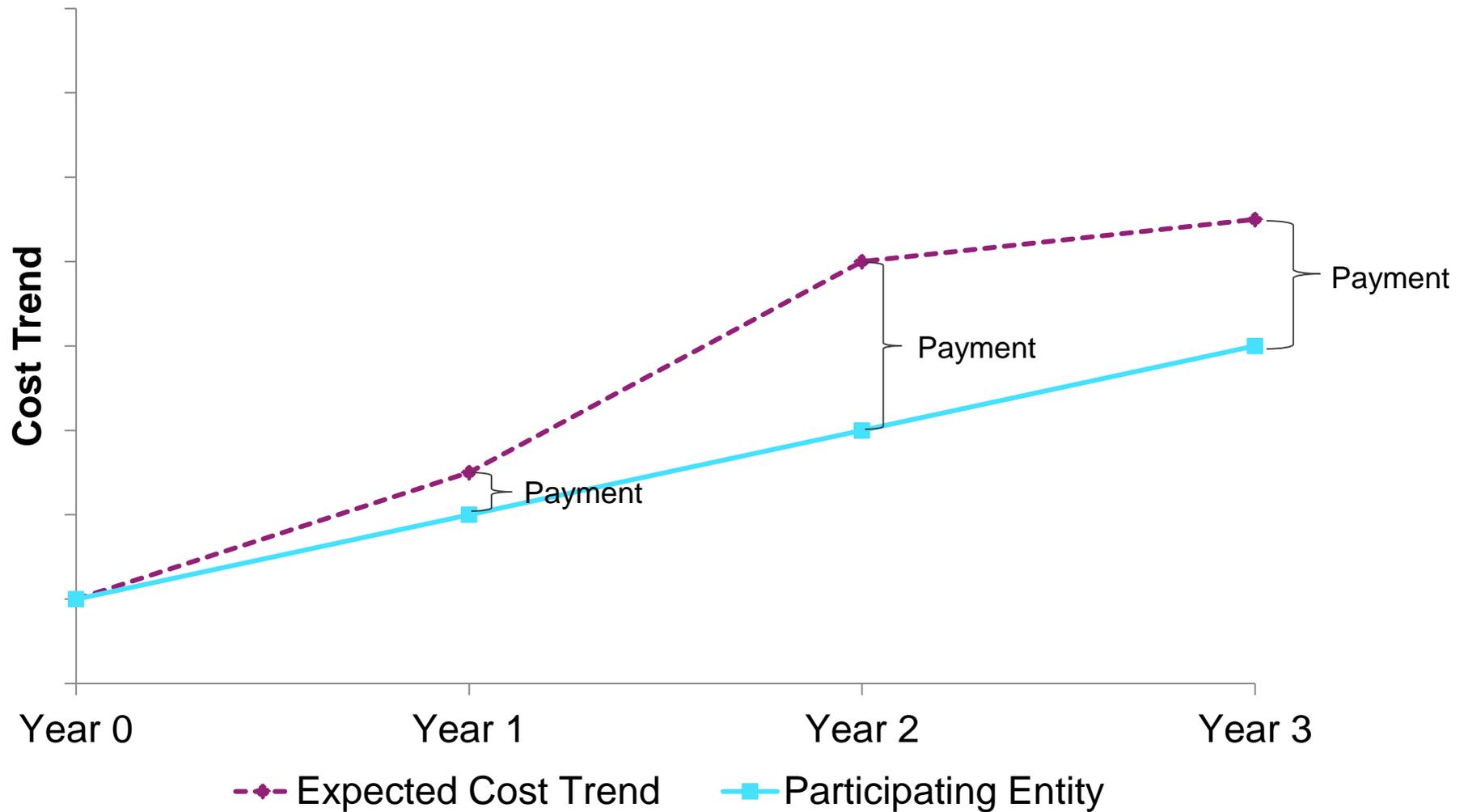


- Excluded members and claims
- Risk-adjusted costs
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MULTIPLE YEAR SAVINGS

AGGREGATE SAVINGS GRAPH EXAMPLE



*Trends used are for illustrative purposes only.

MULTIPLE YEAR SAVINGS MINIMUM SAVINGS RATE EXAMPLES

Each individual year of savings will be measured against a 2% MSR. Savings after MSR will be used for all other calculations.

- Example of savings over 2 years with savings in first year

Year	Savings	MSR Applied in Each Year	Savings After MSR
PY1	3.0%	2.0%	3.0%
PY2	1.5%	2.0%	0.0%
Aggregate			3.0%

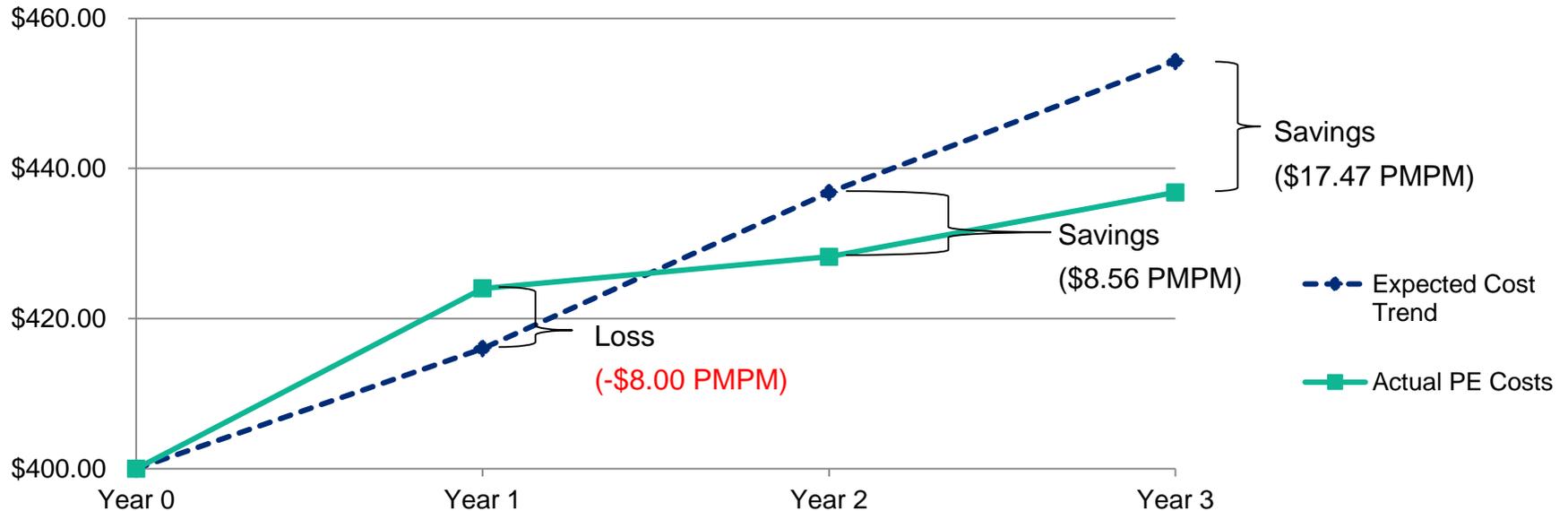
- Example of savings over 2 years with losses in first year

Year	Savings	MSR Applied in Each Year	Savings After MSR
PY1	-1.5%	2.0%	0.0%
PY2	2.5%	2.0%	2.5%
Aggregate			2.5%

*Numbers used are for illustrative purposes only.

MULTIPLE YEAR SAVINGS AGGREGATE SAVINGS EXAMPLE

Year	PE Actual PMPM	PE PMPM at Expected Cost Trend	PE Actual Cost Trend	Expected Cost Trend	PMPM Savings
Year 0	\$400.00				
Year 1	\$424.00	\$416.00	6%	4%	-\$8.00
Year 2	\$428.24	\$436.80	1%	5%	\$8.56
Year 3	\$436.80	\$454.27	2%	4%	\$17.47



*Numbers used are for illustrative purposes only.



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MAKE TOMORROW, TODAY